

Message Text

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DRAFTED BY EA/IMS:ARDORNHEIM:CCH

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 099897

STADIS//////////

E.O. 11652: GDS

TAGS: ENRG, EINV, ID

SUBJECT: CALTEX-GOI NEGOTIATIONS

VICE PRESIDENT AND CHIEF LEGAL OFFICER OF STANDARD OF CALIFORNIA, JAMES E. O'BRIEN, CALLED ON EA/IMS APRIL 22 TO HOLD POST MORTEM ON RECENT PROFIT "SHIFT" NEGOTIATIONS. O'BRIEN SAID HE HAD BEEN QUITE SURPRISED BY GOI INTRANSIGENCE; PRIOR NEGOTIATIONS IN JANUARY AND DECEMBER 1974 ON PROFIT "SHIFT" HAD BEEN MARKED BY GOI FLEXIBILITY. AFTER A MUTUAL REVIEW OF POSSIBLE REASONS FOR NEW GOI BEHAVIOR (GOI'S FOREIGN EXCHANGE PINCH, IMF MEMO, IBNU-TECHNOCRAT RIVALRY, GOI'S GENERAL NEED TO RESTORE ITS SELF-CONFIDENCE, ITS NEED TO IMPROVE ITS STATURE WITHIN OPEC), WE ADDRESSED O'BRIEN'S QUESTION OF WHETHER GOI'S INTRANSIGENCE WAS AN ISOLATED PHENOMENON OR AN ENTIRELY NEW GOI ATTITUDE WITH WHICH CALTEX WILL HAVE TO CONTEND IN FUTURE. WE SAID WE INCLINED TOWARD FORMER ESTIMATE (ISOLATED INCIDENT) BUT WERE AWARE WE WOULD HAVE TO AWAIT FURTHER INDICATIONS OF GOI ATTITUDE. THESE COULD APPEAR IN NEAR FUTURE -- WHEN GOI INDICATES HOW FAR IT IS PREPARED TO "ADJUST 1 DOLLAR A BARREL "SHIFT"

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ON LIFTINGS FOR U.S. EAST COAST, AND WHEN CALTEX PRESENTS

ITS (NON-NEGOTIABLE, ACCORDING O'BRIEN) SCHEDULE OF FUTURE
INVESTMENTS AND LIFTINGS. VISIT CLOSED WITH MUTUAL
PROMISES TO STAY IN CLOSE TOUCH. SISCO

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